



San Diego City Attorney MICHAEL J. AGUIRRE

NEWS RELEASE

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CITY ATTORNEY ADVISES CCDC ON CORRECTING CONFLICT-OF-INTEREST VIOLATIONS

San Diego, CA—In a memorandum sent today to the Chairman of the Centre City Development Corporation (CCDC), San Diego City Attorney Michael Aguirre stated that the organization must take “new official action” to correct conflict-of-interest violations by its former executive director Nancy Graham.

“California’s Government Code section 1090 is quite strict and expressly provides that every contract made in violation is void,” said City Attorney Aguirre. “In order to clear up the violation, a government body must take new official action without the participation of any conflicted officials,” Aguirre added.

At issue is the CCDC’s approval of a \$409 million mixed-use condominium and hotel development project known as Seventh & Market. In March, 2007, CCDC selected Related of California, an affiliate of Related Co., a large New York real estate development firm. Because it was going to include an affordable housing component, an \$8.7 million city subsidy was also earmarked for the project.

Questions arose earlier this year about a possible conflict-of-interest Graham had due to a business relationship with the Florida affiliate of the Related Co. It was discovered that N-K Ventures, a Florida development company owned by Graham and her husband Kevin Lawler, received payments of \$7 million as part of a 2002 condominium development deal with the Related Co.’s Florida affiliate, and the Lennar Corporation.

Graham did not disclose any of the income she received on her Statement of Economic Interests as is required by state and local law. She resigned from CCDC on July 24.

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